INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT CANADA

2015–16

Departmental Performance Report

The Honourable Navdeep Bains, P.C., M.P.
Minister of Innovation, Science and Economic Development

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Canada

Telephone (toll-free in Canada): 1-800-328-6189
Telephone (international): 613-954-5031
TTY (for hearing impaired): 1-866-694-8389
Business hours: 8:30 a.m. to 5:00 p.m. (Eastern Time)
Email: ISED@Canada.ca

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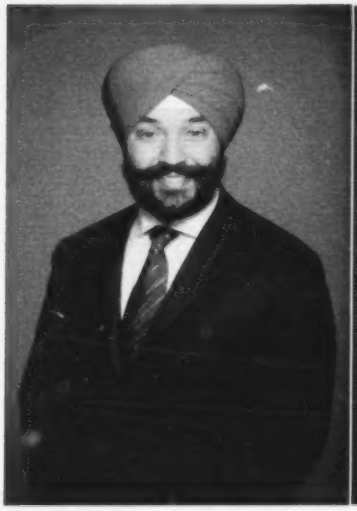
Ministers' Message

We are pleased to report the key results of Innovation, Science and Economic Development Canada for 2015–16.

The programs of the Innovation, Science and Economic Development Portfolio work together to deliver what Canada needs to improve productivity performance, to grow the economy and to enhance prosperity and well-being. That means supporting the government's commitment to develop an Innovation Agenda, which will in turn create good-paying jobs for the middle class, drive growth across all industries, and improve the lives of Canadians. The work of the Portfolio includes helping small businesses grow through trade and innovation, promoting increased tourism to Canada, and supporting scientific research and the integration of scientific considerations in our investment and policy choices.

As we approach Canada's 150th anniversary, we pledge to continue working with stakeholders from across the country to strengthen our place in the global economy.

It is our honour to present the *2015–16 Departmental Performance Report* for Innovation, Science and Economic Development Canada.



The Honourable Navdeep Bains
Minister of Innovation, Science and Economic Development

The Honourable Kirsty Duncan
Minister of Science

The Honourable Bardish Chagger
Minister of Small Business and Tourism and Leader of the Government in the House of Commons

Results Highlights

What funds were used? (2015–16 Actual Spending)	Who was involved? (2015–16 Actual Full-Time Equivalents [FTEs])
$1,169,834,497	4,711

Results Highlights

- Innovation, Science and Economic Development Canada's (ISED's) three new Ministers received important mandates from the Prime Minister in 2015–16, most notably to lead the development of Canada's Innovation Agenda. Other key commitments included improving high-speed broadband coverage, working toward the delivery of the Post-Secondary Institutions Strategic Investment Fund, making strategic investments in clean technology, supporting the creation of a Chief Science Officer position, and supporting incubators and accelerators.

- To advance Canada's Innovation Agenda, ISED undertook initial engagements with stakeholders to discuss how to turn ideas into solutions, science into technology, and skills into jobs in preparation for public consultations launched in June 2016.

- To extend and enhance high-speed broadband internet access in rural communities, ISED began developing a new five-year, $500 million program as announced in Budget 2016. This program builds on other 2015–16 accomplishments, including the approval of 70 Connecting Canadians projects, which will allow more than 280,000 households to receive extended and enhanced broadband service by 2019.

- To support other key mandate commitments, the Department established strategic relationships to support the advancement of innovation networks and cluster development and mapping; worked with the Regional Development Agencies to identify opportunities for strategic investment in new sectors, including clean technology; and engaged in consultations and advised on the creation of a Chief Science Officer position.

- To continue to support small and medium-sized enterprises (SMEs) across the country, ISED began work on the Accelerated Growth Initiative to provide more timely and targeted support for high-potential firms, and implemented changes to further improve and modernize the Canada Small Business Financing Program.

- To modernize and improve the environmental sustainability and innovative capacity of Canadian campus research facilities, ISED supported the launch of the new $2 billion Post-Secondary Institutions Strategic Investment Fund. Announced in Budget 2016, the targeted, short-term investments under the Fund will promote economic activity across Canada and help Canada's universities and colleges develop highly skilled workers, act as engines of

discovery and collaborate on innovations that help Canadian companies compete and grow internationally.

- To continue its support for large-scale research and development projects in the automotive sector, ISED made a significant investment through the Automotive Innovation Fund (AIF) in 2015–16. This program focuses on innovative fuel-efficient technologies and increased production capacity with the potential for long-term economic benefits. With the extension of the AIF through Budget 2016, the Department also introduced administrative changes to the program to ensure that it continues to identify projects that advance innovation in Canada's automotive sector while also remaining responsive to the needs of stakeholders.

- To support increasing demand for new wireless technologies and services, ISED auctioned spectrum licences in the 2500 MHz band and residual licences in the 700 MHz and Advanced Wireless Services (AWS-3) bands, raising more than $800 million.

- To create new opportunities for Canadian businesses across the country, ISED worked with Global Affairs Canada (GAC) to complete negotiations on the Comprehensive Economic and Trade Agreement (CETA) with the European Union.

Section I: Organizational Overview

Organizational Profile

Minister of Innovation, Science and Economic Development:
The Honourable Navdeep Bains, P.C., M.P.

Minister of Science:
The Honourable Kirsty Duncan, P.C., M.P.

Minister of Small Business and Tourism and Leader of the Government in the House of Commons:
The Honourable Bardish Chagger, P.C., M.P.

Deputy Head:
John Knubley

Ministerial portfolio:
Innovation, Science and Economic Development

Year established:
Incorporated in 1892

Main legislative authorities:

Innovation, Science and Economic Development Canada's founding legislation is the *Department of Industry Act*, S.C. 1995, c.1.[i]

Organizational Context

On November 4, 2015, the Government of Canada announced that the Department of Industry would be known as the Department of Innovation, Science and Economic Development Canada.

Raison d'être

The Department helps Canadian businesses grow, innovate and export so that they can create good quality jobs and wealth for Canadians. The Department works with provinces, territories, municipalities, the post-secondary education system, employers and labour to improve the quality and impact of its programs that support innovation, scientific research and entrepreneurship, in order to build a prosperous and innovative Canada. The Minister of Innovation, Science and Economic Development is responsible for this organization.

Responsibilities

ISED works with Canadians in all areas of the economy and in all parts of the country to improve conditions for investment, to enhance Canada's innovation performance and to make Canadian firms more productive and competitive in the knowledge-based economy. The Department works on a broad range of matters related to industry and technology, trade and commerce, science, consumer affairs, corporations and corporate securities, competition and restraint of trade, weights and measures, insolvency, intellectual property, investment, small business and tourism.

Strategic Outcomes and Program Alignment Architecture

Strategic Outcome: The Canadian marketplace is efficient and competitive

Program: Marketplace Frameworks and Regulation

- Sub-Program: Trade Measurement
- Sub-Program: Insolvency
- Sub-Program: Federal Incorporations
- Sub-Program: Intellectual Property
- Sub-Program: Market Access
- Sub-Program: Consumer Affairs

Program: Marketplace Competition and Investments

- Sub-Program: Competition Law Enforcement
- Sub-Program: Investment Review

Program: Spectrum, Telecommunications, and the Digital Economy

- Sub-Program: Spectrum and Telecommunications Policy and Legislation
- Sub-Program: Spectrum Management and Regulation
- Sub-Program: Communications Technologies Research and Innovation

Strategic Outcome: Advancements in science and technology, knowledge, and innovation strengthen the Canadian economy

Program: Science, Technology and Innovation Capacity

- Sub-Program: Science and Technology Policy and Analysis
- Sub-Program: Science and Technology Partnerships

Program: Industrial Research and Development Financing

- Sub-Program: Automotive Innovation
- Sub-Program: Aerospace and Defence Innovation

Strategic Outcome: Canadian businesses and communities are competitive

Program: Small Business Research, Financing and Services

- Sub-Program: Small Business Financing and Growth
- Sub-Program: Service to Business

Program: Industrial Competitiveness and Capacity

- Sub-Program: Industry-Specific Policy and Analysis
- Sub-Program: Economic Outcomes from Procurement

Program: Community Economic Development

- Sub-Program: Northern Ontario Economic Development
- Sub-Program: Computer and Internet Access

Internal Services

Operating Environment and Risk Analysis

On November 4, 2015, the Government of Canada announced that the Department of Industry would be known as the Department of Innovation, Science and Economic Development Canada (ISED). The Department helps Canadian businesses grow, innovate and export so that they can create good quality jobs and wealth for Canadians.

New priorities stemming from the change in government include support for Canada's innovators and entrepreneurs, and advancement of its innovation networks and clusters through the development of an Innovation Agenda, further expansion of high-speed broadband coverage, strategic investments in clean technology, support for the creation of a Chief Science Officer position, as well as support for incubators and accelerators.

The development of a new **Innovation Agenda**, in particular, has had a significant impact on the focus of the Department and will be central to ISED's efforts to provide effective support for Canada's innovative businesses, researchers and entrepreneurs.

Canada is recognized internationally for the quantity and quality of our scientific research, generous tax incentives, a strong fiscal position, a welcoming business environment, and a skilled, diverse and highly educated workforce. However, Canada needs to take steps to stay in the innovation race and address key areas for improvement.

For example, Canada has strong research capabilities yet needs to transform more ideas into marketable products, services and business models, increase business expenditure on research and development, help start-ups get through critical stages of their development in order to expand to a global scale, invest more in adopting new information and communications technologies, and take full advantage of the role that Canada can play in addressing climate change.

To this end, the government launched the first phase of its Innovation Agenda on June 14, 2016, a formal engagement process focusing on six areas for action.[1][ii] This work will continue through 2016–17.

The ever-increasing demand for commercial mobile services and spectrum is another important external pressure for the Department and ISED strives to manage this valuable public resource for the benefit of all Canadians.

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1 Entrepreneurial and Creative Society; Global Science Excellence; World-Leading Clusters and Partnerships; Grow Companies and Accelerate Clean Growth; Compete in a Digital World; and Ease of Doing Business.

Ongoing economic pressures mean demand has been lower than expected for some of the Department's transfer payment programs, which impacted ISED's ability to support innovative projects with industry partners, including large-scale research and development projects in the automotive sector. In 2015–16, ISED introduced the Automotive Supplier Innovation Program (ASIP) to strengthen Canada's parts supply base and create a favourable environment for automotive research and development while providing firms with new opportunities to enter global supply chains.

Through its management agenda—known as Innovation 2020—ISED works to deliver on management initiatives that nurture an environment of innovation and collaboration, and improve the efficient and effective delivery of programs and operations.

Finally, the Department's risk environment is shaped by its mandate and objectives, government policies and priorities, as well as broad economic, social and technological trends. The Department's integrated risk management regime ensures key risks pertaining to ISED's policy, regulatory, program, investment and management activities are identified, assessed, monitored, mitigated and communicated via its Corporate Risk Profile.

In its 2015–16 Report on Plans and Priorities, ISED identified two key risks: the increasing demand for mobile services and spectrum that required specific strategic interventions by the Department in order to continue the effective management and regulation of spectrum and telecommunications; and ISED's ability to effectively support significant research and development projects through its transfer payment programs. The following table highlights the steps taken by the Department in 2015–16 to address these two key external-facing risks.

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Demand for mobile services and spectrum continues to increase.	ISED continued to make spectrum available based on its multi-year spectrum release plan. In 2015–16, the Department auctioned spectrum in the 2500 MHz band. Nine different bidders won a combined total of 302 licences.	**Strategic Outcome:** The Canadian marketplace is efficient and competitive **Program:** Spectrum, Telecommunications and the Digital Economy
Market conditions, as well as the structure of ISED's research and development	ISED approved two new projects under the Strategic Aerospace and Defence Initiative (SADI), which fosters innovation, competitiveness and collaboration in the Canadian aerospace and	**Strategic Outcome:** Advancements in science and technology, knowledge and innovation strengthen

programs, may affect both the schedule of disbursements under these programs and the anticipated results.	defence sectors. ISED also completed the first two rounds of project proposals for Technology Demonstration Program (TDP) projects, which will support large-scale research and development technology demonstration projects in the aerospace and defence sectors. The Department also launched the ASIP, a five-year, $100 million program that supports Canadian-based suppliers developing innovative products and processes in the automotive sector. ISED received $30 million via Supplementary Estimates in 2015–16 to deliver the AIF, which supports large-scale research and development projects in the automotive sector to build greener, more fuel-efficient cars.	the Canadian economy **Program:** Industrial Research and Development Financing

Organizational Priorities

Priority: Advancing the marketplace

Description

ISED fosters competitiveness by developing and administering economic framework policies that promote competition and innovation, support investment and entrepreneurial activity, and instill consumer, investor and business confidence in the marketplace.

Priority Type[2]

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Auction spectrum in the 2500 MHz band to support increasing demand for new wireless technologies and services.	April 14, 2015	May 5, 2015	Completed	Spectrum Management and Regulation
Collaborate with federal, provincial and territorial counterparts to	Ongoing	Ongoing	On track	Market Access

[2] Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

reduce or eliminate barriers to the free movement of people, goods, services and investment within Canada and to establish an open, efficient and stable domestic market.				
Provide support for ongoing international trade negotiations to enable increased exports and expanded trading partners for Canadian businesses.	Ongoing	Ongoing	On track	Market Access
Increase opportunities for Canadian firms to thrive in competitive, open markets through an effective and efficient regulatory framework and sound digital infrastructure.	Ongoing	Ongoing	On track	Marketplace Frameworks and Regulation
Focus on outreach tools to support Canadian businesses and align Canadian intellectual property laws with international administrative practices.	June 2014	Spring 2018	On track	Intellectual Property
Implement the Canada and European Union CETA.	Ongoing	Ongoing	On track	Market Access

Progress Toward the Priority

- Auctioned spectrum in the 2500 MHz band, generating $755.37 million in revenue. Nine of 11 qualified bidders won 302 of the 318 available licences.
- Advanced negotiations to renew the Agreement on Internal Trade through collaboration with provincial and territorial counterparts. Negotiations are expected to conclude in 2016–17.
- Increased opportunities for Canadian firms to thrive by continuing to oversee, regulate and ensure the effectiveness of a number of Canadian marketplace frameworks, including those for trade measurement, insolvency, federal incorporations, intellectual property, market access and consumer affairs.
- Participated in discussions to advance multiple international trade negotiations, including the Trans-Pacific Partnership (TPP) agreement, the Canada–Korea Free Trade Agreement, the Canada–Japan Economic Partnership Agreement and a Canada–India free trade agreement. Efforts were also made to advance plurilateral agreements[3] on environmental goods and trade in services.
- Implemented the Nice Classification to classify the goods and services applied for in a trademark registration according to international standards. ISED also worked toward implementing amendments to the *Patent Act* and *Patent Rules* and drafting regulations relating to amendments to the *Industrial Design Act* and *Trade-marks Act*. These amendments will better align Canada's intellectual property framework with international administrative practices.

[3] This is specific to agreements within the World Trade Organization that involve only some members.

- Supported GAC in completing negotiations on the CETA with the European Union, which will create new opportunities for Canadian businesses in all sectors, and in all regions of the country.

Priority: Fostering the knowledge-based economy

Description

ISED invests in science and technology to generate knowledge and equip Canadians with the skills and training they need to compete and prosper in the global knowledge-based economy. These investments help ensure that discoveries and breakthroughs happen here in Canada and that Canadians can realize the social and economic benefits that result.

Priority Type

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Support the development and performance of Canada's innovation incubators and accelerators to nurture the next generation of entrepreneurial start-ups and help them grow to scale more quickly.	November 2015[4]	Ongoing	On track	Small Business, Research, Financing and Services
Support key sectors in the economy that have the potential to grow, attract investments, and create jobs, including value-added manufacturing and services, platform technologies and tourism.	November 2015	Ongoing	On track	Industrial Competitiveness and Capacity Industrial Research and Development Financing
Conduct consultations with external stakeholders to advance Canada's Innovation Agenda.	November 2015	Ongoing	On track	Science, Technology and Innovation Capacity Industrial Research and Development Financing Industrial Competitiveness and

[4] The start date reflects items published in the ministerial mandate letters on November 4, 2015.

				Capacity
Develop strategies to attract transformative, long-term investments in the automotive sector to maintain and grow its economic footprint.	November 2015	Ongoing	On track	Industry-Specific Policy and Analysis Market Access Industrial Research and Development Financing
Enable fundamental scientific research and innovation to inform government decision-making through strategic investment and policy implementation.	November 2015	Ongoing	On track	Science, Technology and Innovation Capacity
Facilitate support for business innovation by implementing Budget measures.	AIF – May 2008 ASIP – June 2015	AIF – March 2021 ASIP – March 2020	On track	Industrial Research and Development Financing

Progress Toward the Priority

- Initiated engagement with a diverse group of stakeholders to begin development of an inclusive Innovation Agenda that will be a shared plan of action for building a sustainable culture of innovation through effective support for Canada's innovative businesses, researchers and entrepreneurs.
- Provided support for the creation and launch of the new $2 billion Post-Secondary Institutions Strategic Investment Fund to modernize research spaces and infrastructure at Canadian research institutions. The Department also provided advice to the Minister of Science and Prime Minister on the creation of a Chief Science Officer position.
- Implemented the ASIP to support technology demonstration and prototyping activities of Canadian-based suppliers developing innovative products and processes in the automotive sector. ISED also completed the assessment of the first TDP projects and approved two new projects under SADI.

Priority: Supporting business

Description

ISED encourages competition and productivity because businesses generate jobs and create wealth. Promoting economic development in communities encourages the development of skills, ideas and opportunities across the country.

Priority Type

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Extend and enhance access to broadband services in rural and northern communities through existing programming and new investments.	June 2014	March 2019	On track	Computer and Internet Access
Take a whole-of-government approach to supporting Canadian industry by helping attract and retain business research and manufacturing, increase participation in global value chains and maximize the industrial benefits arising from federal defence and major coast guard procurements.	Ongoing	Ongoing	On track	Economic Outcomes from Procurement
Work collaboratively with provincial and territorial partners and other federal departments to expand the BizPaL service across Canada through the participation of additional municipalities.	March 2015	March 2016	On track	Service to Business

Progress Toward the Priority

- Worked to develop the framework for the new five-year, $500 million fund announced in Budget 2016 that will provide enhancements to broadband services in rural and remote communities.
- Approved 70 Connecting Canadians projects, targeting more than 280,000 households to receive extended and enhanced broadband service by 2019.
- Applied the Industrial and Regional Benefits (IRB) Policy and the Industrial and Technological Benefits (ITB) Policy, including a Value Proposition to 12 major defence procurement projects and Canadian Coast Guard Fleet renewal projects that will generate investments in Canada equal to project values of $2.2 billion; and implemented the National Shipbuilding Strategy Value Proposition, which generated investments of $6.7 million in the Canadian shipbuilding and marine industry.
- Worked with provincial and territorial partners and other federal departments to expand the BizPaL service to 118 new municipalities, bringing the total number of participants to 876. BizPaL now covers 74.1 percent of the Canadian population.

Priority: Ensuring sound management

Description

ISED's ongoing internal services delivery and management initiatives are grounded in sound financial management practices and are designed to improve the efficient and effective delivery of programs and operations.

Priority Type

Ongoing

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Effect culture change within ISED in accordance with the goals of Blueprint 2020 by delivering on management initiatives that nurture an environment of innovation and collaboration, and improve the efficient and effective delivery of programs and operations.	Ongoing	Ongoing	On track	Internal Services

Progress Toward the Priority

- Developed a management agenda—known as Innovation 2020—to nurture an environment of innovation and collaboration, and improve the efficient and effective delivery of programs and operations. This included:
  - Launching the ISED Respectful, Healthy and Inclusive Workplace initiative to promote a culture of respect, inclusiveness and open communication.
  - Establishing the internal Short-Term Experience Program for employees to take part in micro-assignments within the Department to support employee learning and career development while also enabling managers to temporarily address immediate priorities.
- Successfully participated in enterprise-wide initiatives, including migration to the government's new email system, piloted a cloud computing solution in partnership with TBS and SSC, and invested in significant work in preparation for the upcoming GCDOCS roll-out.

For more information on organizational priorities, see the Ministers' mandate letters.[iii]

Section II: Expenditure Overview

Actual Expenditures

Budgetary Financial Resources (dollars)*

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	Difference (actual minus planned)
1,170,502,157	1,203,502,157	1,458,509,075	1,169,834,497	(33,667,660)

* Please see below for variance explanations.

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
4,701	4,711	10

Budgetary Performance Summary

Budgetary Performance Summary for Programs and Internal Services (dollars)

Programs and Internal Services	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2014–15 Actual Spending (authorities used)	2013–14 Actual Spending (authorities used)
Marketplace Frameworks and Regulations (1)	56,111,095	56,111,095	65,096,565	69,810,033	220,925,261	42,207,492	50,785,898	55,464,811
Marketplace Competition and Investments	47,089,170	47,089,170	47,054,762	47,054,762	47,656,936	46,107,684	48,628,660	48,652,391
Spectrum, Telecommunications and the Digital Economy (2)	109,811,139	109,811,139	104,991,791	104,918,743	119,473,497	117,906,335	123,580,591	137,026,865
Science, Technology and Innovation Capacity (3)	304,380,758	304,380,758	302,630,758	195,850,758	319,761,313	311,415,582	313,406,524	210,195,969
Industrial Research and Development Financing (4)	287,630,155	287,630,155	294,782,380	291,625,082	321,148,942	244,450,613	220,998,346	330,580,008
Small Business Research, Financing and Services (5)	86,766,345	86,766,345	84,478,745	87,035,745	84,895,899	85,392,842	91,428,836	85,577,041
Industrial Competitiveness and Capacity	34,249,228	34,249,228	34,257,507	34,257,507	35,237,330	33,947,200	31,303,195	37,132,066
Community Economic Development (6)	150,391,867	150,391,867	137,911,498	137,636,888	171,973,037	156,421,933	83,737,928	72,366,822
Internal Services (7)	94,072,400	127,072,400	131,629,048	131,917,919	137,436,859	131,984,816	133,544,518	138,479,491
Total	1,170,502,157	1,203,502,157	1,202,833,054	1,100,107,438	1,458,509,075	1,169,834,497	1,097,414,496	1,115,475,464

Performance Summary Explanation

1. The Total Authorities Available for Use largely reflects surpluses accumulated by the Canadian Intellectual Property Office (CIPO) since its creation in 1994. CIPO is an organization within the Department that is funded entirely from the revenues it generates. The intent is not to spend the accumulated surplus portion in any single year, but to draw from it when needed (e.g., CIPO is accessing this funding to deliver its current program to modernize its IT systems).

The variance between Planned and Actual Spending is primarily due CIPO receiving more revenue than anticipated and incurring lower expenditures in 2015–16.

2. The variance between Planned and Actual Spending reflects additional funding received during the year for the Spectrum Application Modernization project, the Communications Research Centre and the increase in the currency exchange rate for the International Telecommunication Union transfer payment program. In addition, in-year costs were incurred related to legal obligations of the employer (e.g., parental leave).

3. Variances under the Science, Technology and Innovation Capacity program are normal fluctuations due to changes in approved funding of transfer payment programs. The variance between Planned Spending and the Total Authorities Available for Use reflects additional funding received during the year for CANARIE Inc., the Council of Canadian Academies and the Let's Talk Science initiative, as well as the reduction in statutory funding for Genome Canada.

4. The variance between Planned Spending and Total Authorities Available for Use is explained by the receipt of additional funding for the AIF, ASIP, SADI and TDP. These increases were offset by internal transfers to the Northern Ontario Development Program (NODP), Computers for Schools program and the Connecting Canadians program. The decrease in Actual Spending in 2015–16 compared to the Total Authorities Available for Use was mainly due to demand being lower than expected primarily under SADI, which directly impacted the number of projects approved and total in-year spending.

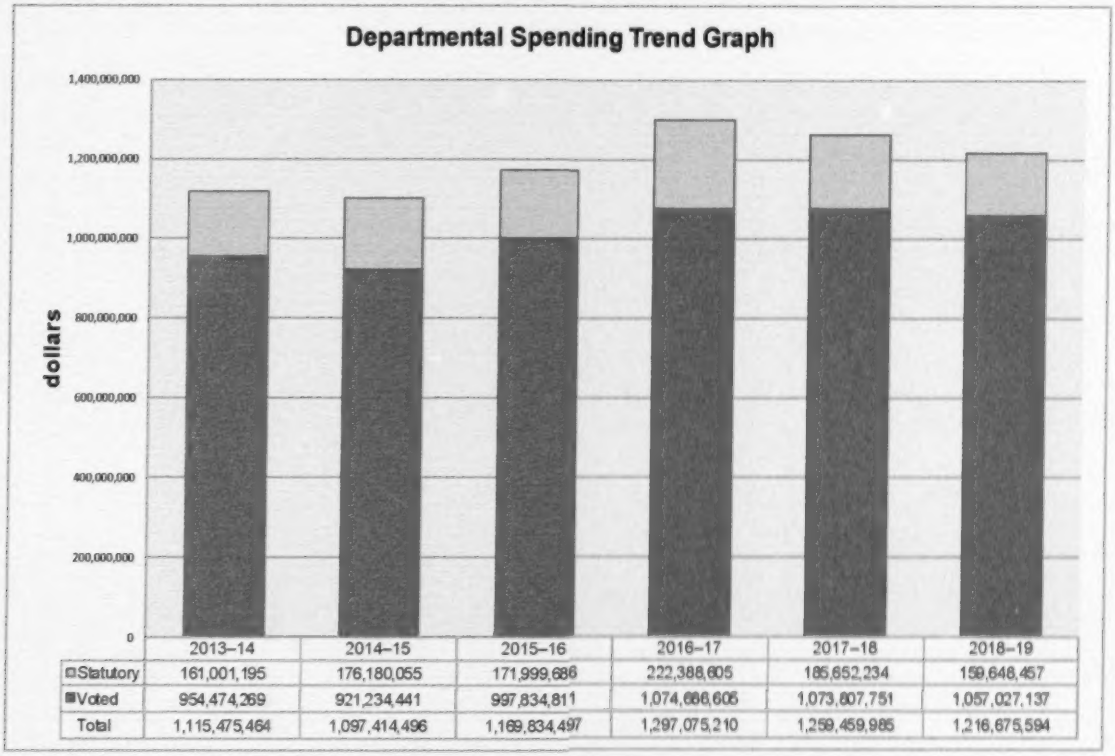
5. The difference between Total Authorities Available for Use and Actual Spending in 2015–16 is related to additional expenditures required for delivery of the Service to Business Task Force.

6. The increase in Total Authorities Available for Use compared to Planned Spending reflects an internal transfer of funds across program areas (see Note 4) as well as additional funding received during the year for the Computers for Schools program and the Youth Internships program. The variance between Actual Spending and Total Authorities Available for Use is mainly due to later than planned approval and start dates of projects under the Connecting Canadians program.

7. The variance between Planned and Actual Spending reflects funding set aside to cover employee benefit costs that must be added when operating funds are transferred from non-salary to salary accounts.

Further information on all programs is available Section III of this report.

Departmental Spending Trend



	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
Statutory	161,001,195	176,180,055	171,999,686	222,388,605	185,652,234	159,648,457
Voted	954,474,269	921,234,441	997,834,811	1,074,686,605	1,073,807,751	1,057,027,137
Total	1,115,475,464	1,097,414,496	1,169,834,497	1,297,075,210	1,259,459,985	1,216,675,594

The increase to Voted totals, beginning with actual spending in 2015–16 and planned spending in 2016–17, reflects additional funding for the Connecting Canadians program, TDP, AIF and ASIP. The decrease in Voted totals beginning in 2017–18 is driven by reductions in available funding for transfer payment programs, particularly for the AIF and SADI as well as for various grants and contributions programs under the Science, Technology and Innovation Capacity and Community Economic Development programs. These reductions are part of the normal funding cycle and do not yet reflect future decisions regarding program or funding renewal.

Expenditures by Vote

For information on ISED's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2016*.[iv]

Alignment of Spending with the Whole-of-Government Framework

Alignment of 2015–16 Actual Spending with the Whole-of-Government Framework[v] (dollars)

Program	Spending Area	Government of Canada Outcome	2015–16 Actual Spending
Marketplace Frameworks and Regulation	Economic Affairs	A fair and secure marketplace	42,207,492
Marketplace Competition and Investments	Economic Affairs	A fair and secure marketplace	46,107,684
Spectrum, Telecommunications, and the Digital Economy	Economic Affairs	A fair and secure marketplace	117,906,335
Science, Technology and Innovation Capacity	Economic Affairs	An innovative and knowledge-based economy	311,415,582
Industrial Research and Development Financing	Economic Affairs	An innovative and knowledge-based economy	244,450,613
Small Business Research, Financing and Services	Economic Affairs	Strong economic growth	85,392,842
Industrial Competitiveness and Capacity	Economic Affairs	Strong economic growth	33,947,200
Community Economic Development	Economic Affairs	Strong economic growth	156,421,933

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	1,076,429,757	1,037,849,681
Social affairs	0	0
International affairs	0	0
Government affairs	0	0

Financial Statements and Financial Statements Highlights

Financial Statements

The financial highlights presented within this DPR are intended to serve as a general overview of ISED's financial position and operations and should be read in conjunction with the 2015–16 Departmental Financial Statements, which can be found on the ISED website.[vi]

Summary of 2016 Financial Results

The financial results are shaped by the Department's programs and internal services that aim to help make Canadian industry more productive and competitive in the global economy, thus improving the economic and social well-being of Canadians.

Condensed Statement of Operations (unaudited)[5] For the Year Ended March 31, 2016 (dollars)

Financial Information	2015–16 Planned Results*	2015–16 Actual	2014–15 Actual Restated**	Difference (2015–16 actual minus 2015–16 planned)	Difference (2015–16 actual minus 2014–15 actual)
Total expenses	1,257,808,414	1,122,047,584	1,056,832,007	(135,760,830)	65,215,577
Total revenues	232,175,530	233,698,794	223,964,778	1,523,264	9,734,016
Net cost of operations before government funding and transfers	1,025,632,884	888,348,790	832,867,229	(137,284,094)	55,481,561

* As per the 2015–16 Future-Oriented Statement of Operations.
** See Financial Statements Note 16 for further details.

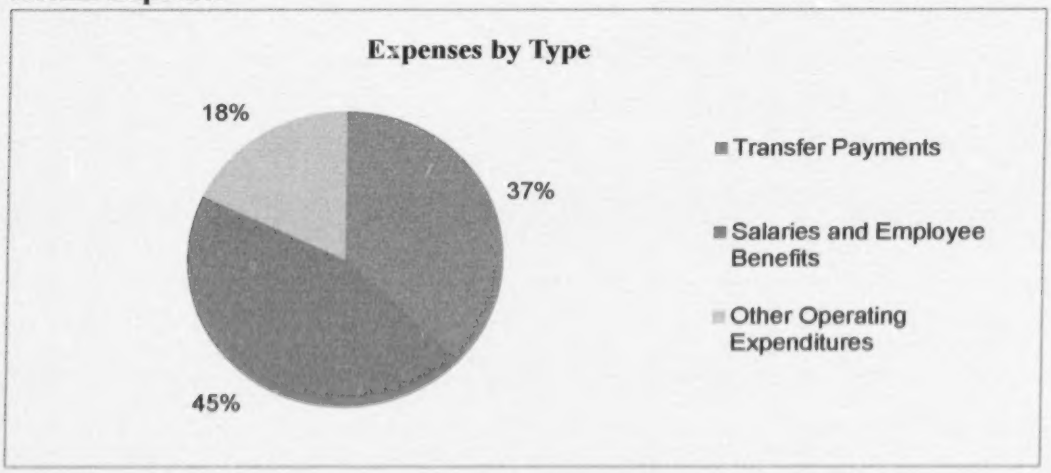
Planned Results

Planned Results are based on the 2015–16 Future-Oriented Statement of Operations as presented in the 2015–16 Report on Plans and Priorities. The $135.8 million variance between the 2015–16 Planned Results and the 2015–16 Actual expenses is attributable to decreases in a number of areas. The Connecting Canadians program, which was launched in 2014–15, spent less than anticipated in 2015–16 due to project approval and start date delays as a result of the 2015 federal election. Similarly, spending for the TDP was lower than planned due to changes in the program's funding requirements. Spending for the Canada Small Business Financing Program also decreased due to a drop in claims received for defaulted loans. Operating expenses were also

[5] The actual expenditures presented in other areas of this document were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. The tables in note 3 of the financial statements provide a reconciliation of these two accounting methods.

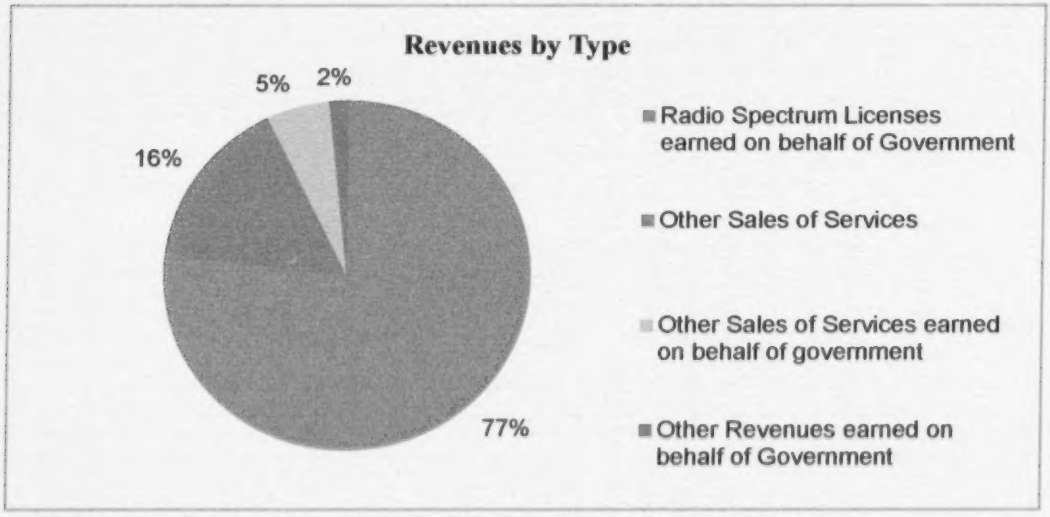
lower than planned in 2015–16, particularly for professional and special services. The spending estimates were based mainly on historical averages.

Actual Expenses



Total expenses were $1.1 billion in 2015–16, an increase of $65.2 million from 2014–15. This increase is mainly attributable to new spending for transfer payment programs (Connecting Canadians program, Futurpreneur), and increased spending compared to last year by the TDP and the Canada Foundation for Innovation. These increases were slightly offset by decreased payments to Genome Canada and CANARIE Inc.

Actual Revenues

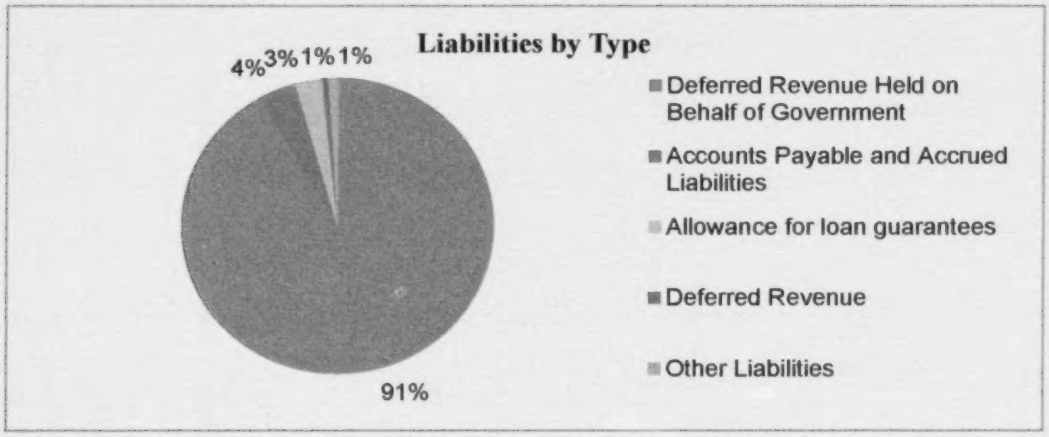


Total gross revenues were $1.5 billion in 2015–16, an increase of approximately $138 million over 2014–15, while net revenues of $233.7 million in 2015–16 increased by $9.7 million compared to the previous fiscal year. Spectrum licences represent the majority of gross reported revenue in the Departmental Financial Statements and account for most of the increase since 2014–15. Specifically, the increase in gross revenues mostly reflects spectrum licence revenues from the AWS-3 and 2500 MHz auctions. Spectrum licenses revenue is reported as revenue earned on behalf of Government as it cannot be accessed by the Department. Other sales of services represent legislative fees and registrations collected by organizations such as CIPO, the Office of the Superintendent of Bankruptcy and the Canada Small Business Financing Program. A portion of these revenues is not respendable and is reported as revenue earned on behalf of Government.

Condensed Statement of Financial Position (unaudited) As at March 31, 2016 (dollars)

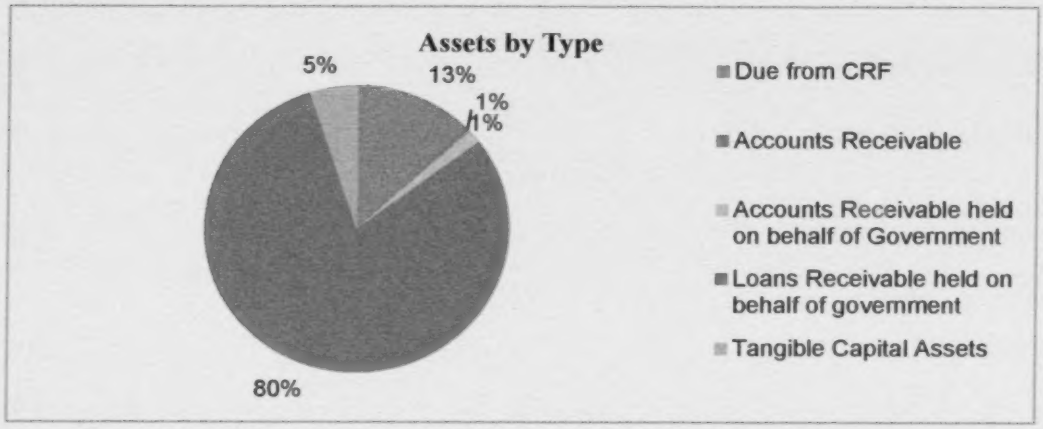
Financial Information	2015–16	2014–15	Difference (2015–16 minus 2014–15)
Total net liabilities	811,611,627	831,762,877	(20,151,250)
Total net financial assets	317,060,244	271,830,924	45,229,320
Departmental net debt	494,551,383	559,931,953	(65,380,570)
Total non-financial assets	123,911,393	113,038,990	10,872,403
Departmental net financial position	(370,639,990)	(446,892,963)	76,252,973

Net Liabilities



Total gross liabilities were $9.7 billion for 2015–16, an increase of $1.6 billion year-over-year, while net liabilities were $811.6 million, a decrease of $20.2 million compared to 2014–15. The increase in gross liabilities is mainly attributable to deferred revenues collected for the AWS-3 and the 2500 MHz spectrum auctions. The majority (99%) of the deferred revenue cannot be accessed by ISED and is therefore reported as a liability held on behalf of Government.

Net Assets



Total gross financial assets were $2.3 billion for 2015–16, an increase of $1.1 billion from 2014–15, while net financial assets were $317.1 million, an increase of $45.2 million year-over-year. The increase in gross financial assets is primarily attributed to amendments to transfer payment agreements, which resulted in the establishment of new loans receivable.

Section III: Analysis of Programs and Internal Services

Programs

Program: Marketplace Frameworks and Regulation

Description

This program regulates and provides oversight over a number of aspects of the Canadian marketplace, including trade measurement, insolvency, corporate governance including federal incorporation, competition, intellectual property, market access and consumer affairs. The program develops and administers framework statutes, regulations, policies and procedures; develops sets and assures compliance with related regulatory reforms and standards; and consults with a variety of stakeholders and portfolio organizations. Overall, the program benefits Canadian businesses and consumers by ensuring the integrity of the marketplace.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED continued to focus on improving the accessibility of the Canadian marketplace and ensuring that Canadian businesses were well placed to compete both domestically and in the international market.

To support this objective, the Department established the Internal Trade Promotion Office to help advance agreement among provinces and territories toward modernizing the Agreement on Internal Trade, so that people, goods, services and investments continue to move freely within Canada. Federal, provincial, and territorial ministerial support was achieved to target the conclusion of negotiations in 2016–17.

Progress was also made on a number of international trade negotiations in 2015–16. Notably, ISED worked collaboratively with GAC to complete work related to pharmaceutical provisions in the CETA and contributed to GAC consultations with private sector stakeholders on potential implementation of the TPP Agreement.

Departmental officials provided advice to the Minister and to other government departments on the implementation of the Canada–Korea Free Trade Agreement, and on the negotiations for the TPP, the Canada–Japan Economic Partnership Agreement and a Canada–India free trade agreement. Efforts were also made to advance plurilateral agreements on environmental goods and trade in services.

Throughout 2015–16, ISED supported several legislative changes to implement fundamental policy advancement as well as other measures to help individuals and businesses comply with Canada's marketplace rules and regulatory frameworks.

Specifically, on March 24, 2016, the Minister of Innovation, Science and Economic Development, introduced proposed changes to the *Copyright Act*. These would enable Canada to implement and accede to the Marrakesh Treaty, an international agreement aimed at helping persons with visual impairments and other print disabilities gain access to published materials in accessible formats.

In support of improved trade measurement accuracy, over 155,000 devices were inspected following the introduction of mandatory inspection frequencies in eight sectors, 2.3 times more devices than in the year before mandatory requirements were introduced. This significantly increased the detection and correction of inaccurate measurement in the marketplace. In addition, a new graduated enforcement approach to resolve measurement inaccuracy was implemented, resulting in the issuance of the first administrative monetary penalty for non-compliance with the laws governing trade measurement.

With the implementation of an updated Compliance program for Licenced Insolvency Trustees, the Office of the Superintendent of Bankruptcy has placed an emphasis on supporting and encouraging voluntary compliance with the regulatory framework and working actively to seek early resolution to compliance issues.

Several changes to the administration of the intellectual property (IP) legal framework were made in 2015–16 to better align Canada's IP processes with international standards. For example, regulatory work to reflect earlier amendments to the *Patent Act* and *Patent Rules* as well as to the *Industrial Design Act* will allow Canada to join certain international treaties, making it easier for innovators to obtain IP rights. ISED also implemented the Nice Classification, which classifies the goods and services applied for in a trademark registration.

The Department also continued its focus on improving the timeliness of the patent issuing process. Through sustained efforts and dedicated resources, ISED was, on average, able to reduce the time between the submission of an application and granting of the patent in 2015–16 by more than a month compared to 2014–15.

In 2015–16, ISED examined technological solutions to increase efficiency for both the Department and end-users, and to improve client service in several of its regulatory functions, notably in IP administration, incorporation services and oversight of the insolvency system.

The Department's marketplace work included investment in improved tools for Canadian consumers in 2015–16. ISED introduced a *Your Money Matters* Facebook page, which provides Canadians with objective, credible and reliable consumer information from the Government of Canada on fraud, debt and consumer rights. With over 25,000 subscribers, interest in this page

continues to grow. ISED also launched a new online product—*Six Steps to Get Out of Debt*—to help Canadians better manage their finances.

Overall performance of the marketplace frameworks varied. Internationally, Canada ranked first among G7 countries in 2015–16 in terms of the framework for starting a business. Combined with a third and a fifth place ranking in terms of intellectual property protection and resolving insolvencies, respectively, Canada placed third overall for the effectiveness of its marketplace frameworks and regulations across the G7 in 2015–16.

The large variance between 2015–16 Planned Spending and Total Authorities Available for Use is primarily due to the Intellectual Property sub-program, which includes surpluses accumulated by CIPO since its creation in 1994. CIPO is an organization within the Department that is funded entirely from the revenues it generates. In 2015–16, CIPO's revenues totaled approximately $156 million and the organization utilized approximately $152 million to fund its activities. The difference was added to CIPO's accumulated surplus and is available for future use. As the intent is not to fully consume the accumulated surplus in any single year, CIPO utilizes only a portion of these resources on an as needed basis.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
56,111,095	56,111,095	220,925,261	42,207,492	(13,903,601)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
1,730	1,729	(1)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Service standards are met	Average percentage of service standards met	90%	95%
Canadian marketplace frameworks and regulations are effective by international standards	Canada's rank among G7 countries in effectiveness of marketplace frameworks and regulations for starting a business, resolving insolvencies and intellectual property	1st	3rd

Program: Marketplace Competition and Investments

Description

This program applies federal laws relating to the investigation of anti-competitive conduct and the general regulation of trade and commerce in respect of business practices, including the review of mergers and significant foreign investments. It protects, promotes and advocates for efficient markets in a manner that encourages economic growth and innovation, providing consumers and businesses with competitive prices and increased product choices.

Program Performance Analysis and Lessons Learned

The Department continued to analyze foreign investments and their consequences for the Canadian marketplace. In 2015–16, ISED received and certified 626 notifications filed by foreign investors.

ISED provided the Minister with the information required to help him determine the likely net benefit to Canada of various proposed investments. In 2015–16, the Minister approved 15 applications for review.

In 2015–16, the Competition Bureau (Bureau) used all of the tools at its disposal to promote and enforce compliance with the *Competition Act*. The Bureau concluded several high-impact cases, including 64 non-merger investigations and 221 merger reviews, which led to substantial consumer savings.

Specifically, the Bureau reached a consent agreement with Telus concerning false or misleading representations in advertisements for premium text messages in pop-up ads, apps and on social media. The agreement required Telus to issue rebates of up to $7.34 million to certain current and former wireless customers, and to donate $250,000 to consumer advocacy and research groups.

The Bureau also continued to combat cartels that conspire to fix prices or rig bids rather than compete with one another. In 2015–16, the Bureau secured its eighth guilty plea in its motor vehicle components investigation. Toyo Tires & Rubber Co., Ltd was fined $1.7 million for participating in a bid-rigging conspiracy. Since April 2013, the Bureau's investigation involving motor vehicle components has resulted in over $70 million in fines imposed by the courts.

With respect to competition promotion, the Bureau enhanced its collaboration with domestic and international partners, increased its outreach to Canadian businesses and consumers, and advocated the benefits of increased competition in key regulated sectors of the economy. These efforts included publishing a white paper recommending an overhaul to regulations governing the taxi industry to even the playing field and enhance competition and choice. The Bureau also

published the first two issues of *The Deceptive Marketing Practices Digest*, a publication designed to promote the compliance of advertisers and marketers with the *Competition Act* and provide a better understanding of the *Competition Act* and the other legislation enforced by the Bureau. The first issue focused on the digital economy, and included articles related to online advertising in Canada, disclaimers and fine print, and online reviews.

The Bureau also published a revised *Corporate Compliance Programs Bulletin*, which was viewed over 3,200 times and provided Canadian businesses with guidance to develop credible and effective compliance programs. In addition, the Bureau gave compliance and bid-rigging presentations to corporate stakeholders and procurement authorities across Canada to increase awareness and knowledge in order to prevent and deter bid-rigging.

Service standards for these activities were met, and the estimated $2.9 billion in savings to consumers as a result of Bureau actions exceeded the target by a significant margin.[6] The estimated savings calculation was adopted by the Bureau in August 2014, and is informed by a methodology established by the Organisation for Economic Co-operation and Development and competition authorities in the United States, United Kingdom and Australia.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
47,089,170	47,089,170	47,656,936	46,107,684	(981,486)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
380	379	(1)

[6] The higher result was due to the number of high-impact cases and mergers that took place in 2015–16. Mergers reviewed by the Bureau vary considerably in size and potential impact from year-to-year and therefore consumer savings targets are difficult to forecast.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Consumers benefit from a competitive marketplace	Estimated dollar savings per annum to consumers from Bureau actions that stop anti-competitive activity	$515 million	$2.9 billion
Timely and accurate reviews lead to marketplace certainty	Percentage of mergers and foreign investments reviewed within service standards	85% for complex matters and 90% for non-complex matters	Complex matters: 85% Non-complex matters: 96%

Program: Spectrum, Telecommunications, and the Digital Economy

Description

This program enables Canadians to benefit from a globally competitive digital economy that drives innovation, productivity and future prosperity. This includes developing and administering domestic regulations, procedures and standards that govern Canada's radiocommunication and telecommunications industries. The program sets legislative and policy frameworks to encourage competition, innovation, private sector investment in digital infrastructure, confidence in the online marketplace, and greater adoption of information and communications technologies by business. The program maximizes the public benefits of spectrum by managing it efficiently and effectively, through spectrum and radio licensing including auctions, compliance and enforcement. The program protects Canadian interests in the telecommunications industry globally and facilitates international online trade and commerce by negotiating international treaties and agreements. This program also performs research in advanced telecommunication and information technologies to promote innovation and assist in the development of policies, regulations and program delivery.

Program Performance Analysis and Lessons Learned

ISED continued its efforts in 2015–16 for the advancement of a competitive Canadian telecommunications sector, in particular meeting the policy objective of facilitating spectrum access for newer competitors in all regions.

The Department also made advancements in 2015–16 to provide much-needed additional spectrum to support mobile communications services in Canada. Through two spectrum auctions, 317 licenses were issued, raising more than $800 million for the Government of

Canada. ISED also advanced complex negotiations with the United States on a joint reallocation of 600 MHz spectrum from broadcasting to commercial mobile services.

ISED also participated in a number of additional international consultations in 2015–16 with respect to spectrum and telecommunications issues. These included:

- Representing Canadian interests at the 2015 World Radiocommunication Conference (WRC), where Canada achieved seven of the eight identified key priorities;
- Advancing Canadian priorities on telecommunication standards, frequency assignments and orbital locations through the International Telecommunication Union (ITU) and its Working Groups, as well as in the Inter-American Telecommunication Commission's (CITEL's) Permanent Executive Committee; and,
- Advancing the implementation of the Mexico-Canada mutual recognition agreement (MRA) on conformity assessment and entering into preliminary discussions with China for an MRA Phase I and Korea for an MRA Phase II to facilitate the import and export of telecommunication products.

In support of the Pan Am and Parapan Am Games, ISED provided spectrum management services, which included authorizing more than 2,600 frequencies and providing on-site service for the opening and closing ceremonies of both Games.

As part of its regulatory and enforcement role, ISED adopted a new satellite licensing fee regime in 2015–16 for the use of spectrum allocated to fixed and broadcasting satellite services. The Department also moved to address non-compliance with the conditions of spectrum licences through the introduction of administrative monetary policies, along with related policies and procedures.

Safety Code 6 (SC6) is a guideline that establishes safety limits for human exposure to radiofrequency fields in Canada. In 2014, Health Canada published a revised SC6 that introduced new limits to address peripheral nerve stimulation caused by exposure to radio frequency emissions. An evaluation of the impact of the revision of SC6 on the regulatory requirements and standards published by ISED showed that no recognised measurement procedures to ensure compliance to these new limits existed. Consequently, in 2015–16, ISED led a committee of multiple key parties of interest (manufacturers, experts, test labs) to define measurement procedures to assess compliance with these new limits, and also worked with an equipment manufacturer to develop and procure new equipment that can perform the test. This work will help ensure the safety of Canadians.

In 2015–16, ISED's Communications Research Centre (CRC) focused on wireless spectrum research and development to support spectrum management policy, program and regulatory development.

This included CRC's Grand Challenge research projects, which focused on strategic technology demonstrations and innovative proofs-of-concept to optimize the use of Canada's radio spectrum resource. ISED also engaged in strategic collaborations with industry and academia to advance antenna, radio, and network technologies to enable 5G mobile broadband communications.

ISED also continued to make investments in internal systems that support the management of the spectrum resource and launched a new system to manage spectrum licenses.

The variance between Planned and Actual Spending reflects in-year costs related to pay list requirements to meet legal obligations of the employer (e.g., parental leave) and additional funding received during the year for the Spectrum Application Modernization project, the CRC and the increased rate of currency exchange to fund the ITU.

The variance between Planned and Actual FTEs is mainly due to ISED employees working on projects funded by other government departments, as well as some delays in planned staffing.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
109,811,139	109,811,139	119,473,497	117,906,335	8,095,196

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
830	806	(24)

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canada has a growing digital economy	Investments by telecommunications providers	$8 billion	$14.7 billion (2014)
	Percentage of population with broadband subscriptions (1.5 Mbps and higher)	79%	80% (2013)

Program: Science, Technology and Innovation Capacity

Description

This program sets the strategic direction for policies and programs that support and stimulate research, development and innovation in Canada. In collaboration with Industry Portfolio partners, other government departments and external stakeholders from the private and public sectors, the program fosters an environment that is conducive to innovation and promotes scientific excellence.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED engaged in activities in support of developing Canada's Innovation Agenda. As outlined in Budget 2016, the goal of the Innovation Agenda will be to build Canada as a centre of global innovation, propelled by its creative and entrepreneurial citizens, its leading science and technology, its excellent innovation infrastructure, and its globally competitive companies. In supporting the development of the Agenda, ISED met with representatives from large and small companies, heads of major science initiatives, other domestic science, technology and innovation stakeholders, and organizations representing the higher education sector.

Budget 2016 also proposed several measures to invest in infrastructure at post-secondary institutions and federal laboratories, foster research excellence, and accelerate the diffusion and commercialization of knowledge into applications that benefit industry and society as a whole.

Specifically, in 2015–16, ISED began work to deliver the Post-Secondary Institutions Strategic Investment Fund, which provides $2 billion over three years for strategic projects to improve research and innovation infrastructure. Budget 2016 also provided $95 million per year in additional funding to the granting councils to support discovery research at Canadian post-secondary institutions, $237.2 million to support genomics research and applications, $50 million over five years to the Perimeter Institute for Theoretical Physics and $14 million over two years to the Mitacs Globalink program for internships and fellowships. All Budget 2016 funding will be reflected in future Estimates documents.

These measures will enable Canada to build upon its strengths in genomics, stem cells, brain research and physics, and to support discoveries that will help to fuel economic growth and position Canada to succeed in the knowledge-based global economy.

The results of the inaugural Canada First Research Excellence Fund competition were announced in July 2015 with approximately $350 million being awarded to five institutions. In January 2016, 30 institutions were invited to submit full research program proposals for the second competition, with final results anticipated to be announced in summer 2016.

ISED also participated in consultations with Canadian institutions that host Canada Excellence Research Chairs (CERC) to enhance programming with the goal of recruiting world-leading researchers to chair positions. The Department also provided support in the preparations for the third CERC competition, which is expected to launch in 2016.

ISED also established a federal research-funders group in 2015–16, which includes the granting councils, the Canada Foundation for Innovation and Genome Canada, to coordinate federal engagement with the post-secondary research sector to reduce the administrative burden of research.

As part of its effort to further scientific research, innovation, and discussion in Canada, ISED contributed to a number of initiatives in 2015–16 designed to disseminate information and create an environment that is conducive to scientific advancements.

The Department also supported the Government of Canada's priority of advancing an analytically-based policy agenda built on sound scientific research and transparency. In this regard, ISED provided advice to the Minister on the creation of a Chief Science Officer position that will be mandated to ensure that government science is fully available to the public, that scientists are able to speak freely about their work, and that scientific analyses are considered when the government makes decisions.

The Department continued its support of the Science, Technology and Innovation Council in the development, production, and public release of its State of the Nation 2014 report, *Canada's Science, Technology and Innovation System: Canada's Innovation Challenges and Opportunities.*[vii] The report, released in November 2015, analyzes Canada's science, technology and innovation performance and progress against other countries.

Specifically, along with Environment and Climate Change Canada, ISED led the development of an Open Science implementation plan that aims to promote open access to government-funded scientific publications and corresponding data. It also outlines a plan for moving forward on making information on government-funded science and technology activities publicly available.

ISED also continued to put a focus on maintaining and advancing other existing collaborative partnerships both across the federal government and internationally. This included horizontal coordination of science and technology policy with more than 20 science-based departments, agencies and granting councils, and participation at international and multilateral meetings to coordinate policy development and share best practices. In addition, ISED worked to improve access to federal programs in 2015–16 by consolidating and streamlining programs aimed at promoting research and development as well as business innovation projects.

Variances between Planned and Actual Spending under the Science, Technology and Innovation Capacity program are normal fluctuations due to changes in approved funding of grants and contributions programs. The variance between Planned Spending and the Total Authorities Available for Use reflects additional funding received during the year for the CANARIE Inc., Council of Canadian Academies and the Let's Talk Science initiative, as well as the reduction in statutory funding for Genome Canada.

Budgetary Financial Resources (dollars)*

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
304,380,758	304,380,758	319,761,313	311,415,582	7,034,824

* Effective November 4, 2015, the Governor General in Council, on the recommendation of the Prime Minister, designated the Minister of Industry as "the Minister" for the purposes of the *Canada Foundation for Sustainable Development Technology Act* – a role that had been previously conferred to the Minister of Natural Resources. While the transfer of responsibility took effect in 2015–16, funding remained with Natural Resources Canada and Environment and Climate Change Canada for the entirety of the fiscal year and expenditures are reflected within their respective 2015–16 Departmental Performance Reports.

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
64	68	4

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canada's scientific research excellence is maintained	Canada's Average Relative Citation index	1.28	1.37 (2014 data)
Researchers are attracted to Canada, and retained	Total full-time equivalent researchers in Canada per thousand total employment	8.4	8.8 (2013 data)

Program: Industrial Research and Development Financing

Description

This program helps Canadian businesses increase research and development activities by investing in innovative projects and collaborations through repayable and non-repayable contributions. Projects supported under this program are expected to produce benefits to Canada, including generating strategic research and development investment, developing new technologies, and enhancing Canadian innovation capacity and expertise.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED continued investing in research and development activities to encourage the development of new technologies in targeted industries and to enhance innovative Canadian products and processes.

Essential to this work was a renewed focus by the Government of Canada to place Canada's resource sectors at the forefront in terms of developing and using clean and sustainable technologies and processes. These efforts were further supported through engagement with ISED's portfolio partners to target future strategic investment opportunities that leverage regional advantages and promote the development and use of sustainable technologies with the potential to result in greater regional economic diversification.

In June 2015, the five-year, $100 million ASIP was launched. ASIP provides non-repayable contributions to support technology demonstration and prototyping activities of Canadian-based suppliers developing innovative products and processes in the automotive sector. It complements existing initiatives supporting the automotive sector, such as the AIF, by strengthening Canada's parts supply base and creating a favorable environment for automotive research and development, while providing firms with new opportunities to enter global supply chains.

With respect to the AIF, ISED continued delivery of the program in 2015–16 while also introducing changes to its administration. These changes included establishing service standards and reviewing the AIF risk framework for assessing projects in response to a previous departmental evaluation and an audit by the Office of the Auditor General (OAG). The Department also made significant investments in innovative projects through SADI and the new TDP:

- In addition to its ongoing multi-year projects, ISED approved two new projects under SADI in 2015–16. The objectives of SADI include encouraging innovation and enhancing the competitiveness of Canadian aerospace and defence firms and fostering collaboration between research institutes, universities, colleges, and the private sector. From the start of the program to the end of 2015–16, 35 SADI projects have resulted in

these types of collaborations for the research and development phase of the project. Over the same period, 33 projects have resulted in the development of new products, services or processes, and 25 projects have resulted in the commercialization of new products, services or processes.

- Also in 2015–16, ISED completed the assessment of project proposals received for the TDP. Lessons learned from the first two rounds of project proposals, as well as advice from external stakeholders, have led to program improvements. These will be reflected in revised terms and conditions for TDP moving forward.

In addition to its program delivery activities, ISED continued to manage and collect repayments from Technology Partnerships Canada (TPC) projects approved prior to December 2006. To date, a total of $1.3 billion in repayments has been collected from TPC projects, and repayments are expected to continue until 2035.

With respect to the performance of transfer payment programs that fall under the Industrial Research and Development Financing program, disbursed funding and the leveraged investment amount for TDP was lower than targeted due to the time needed to complete the first two rounds of project proposals prior to finalizing contribution agreements.

The variance between Planned and Actual Spending in 2015–16 is mainly due to program demand being lower than expected, and approved internal transfers from SADI to NODP and the Computers for Schools program.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
287,630,155	287,630,155	321,148,942	244,450,613	(43,179,542)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
80	73	(7)

Performance Results

Expected Results	Performance Indicators	Targets*	Actual Results †
Investment in leading-edge research and development in targeted Canadian industries	Dollar value to date of disbursements to firms for research and development activities	TPC (1996): $3.16 billion SADI (2007): $1.069 billion TDP (2013): $39.2 million AIF (2008): $261.5 million	TPC: $3.16 billion SADI: $1 billion TDP: $15 million AIF: $342 million ASIP: $4.03 million
	Dollars to date of investment leveraged per dollar of ISED disbursements in research and development projects	TPC (1996): $2.33 SADI (2007): $1.78 TDP (2013): $1.00 AIF (2008): $6.50	TPC: $2.33 SADI: $1.82 TDP: Nil AIF: $7.08 ASIP: $1.00

* Program start dates in parentheses.
† Targets were not set for ASIP for 2015–16, as the program was launched mid-year, in June 2015.

Program: Small Business Research, Financing and Services

Description

This program enhances the growth and competitiveness of small business and encourages entrepreneurship. It raises awareness across government of the challenges facing small businesses; provides knowledge and expertise on small and medium-sized enterprises (SMEs), including cooperatives, in a number of areas, including entrepreneurship, financing, innovation and growth firms; recommends policy options; and delivers programs that help support SMEs and entrepreneurial activity across Canada.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED continued to support SMEs across the country to help them grow and become more internationally competitive. This included regulatory and legislative amendments announced by the Minister of Small Business and Tourism on March 10, 2016, to improve and modernize the Canada Small Business Financing Program (CSBFP). These changes will enhance the availability of asset-based financing to small businesses—particularly start-ups—and to reduce the repayment burden of the program to increase interest from both borrowers and lenders. The Department continued its efforts to promote the program by offering various training sessions and educational products to financial institutions and small business support organizations across the country.

ISED also made strides in implementing more efficient processes for the CSBFP by encouraging the greater use of technologies. This included promotion of the online loan registration application and greater adoption of direct deposit for CSBFP claims and refund payments.

In 2015–16, BizPaL increased its visibility as 118 additional municipalities joined the online service. This brought the total number of BizPaL participants to 876, and increased the service's coverage to 74.1 percent of the Canadian population. ISED is exploring opportunities to leverage the BizPaL partnership, business model and infrastructure to increase the scope of services provided.

Through the Canada Business Network, ISED launched an initiative on March 8, 2016, to celebrate women entrepreneurs across Canada. This new feature highlights Canadian women who have created successful businesses, contributed to the economy through job creation and motivated a future generation of entrepreneurs through mentorship.

In collaboration with the Canada Revenue Agency, ISED continued working to have business-facing programs across the federal government adopt the Business Number (BN). The BN will make it simpler for businesses to interact with the government. ISED engaged with other government departments to identify those willing to be early adopters of the BN.

In 2015–16, ISED also made investments to advance its Service Lab initiative, which promotes design thinking and co-creation methods to enhance service delivery for business, while also supporting public sector innovation. The Service Lab finalized its business plan and secured 20 design projects with over 30 participating departments, while also attracting an additional 11 future projects.

ISED, with Statistics Canada, analyzed and published the results from the 2014 *Survey on Financing and Growth of Small and Medium Enterprises*, which reports key information on SME access to financing, firm growth, engagement in international business activities, innovation, and owner characteristics. As well, ISED administered and published the results from the 2015 Credit Conditions Survey.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
86,766,345	86,766,345	84,895,899	85,392,842	(1,373,503)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
100	100	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadian SMEs grow and become more internationally competitive	The percentage of businesses expecting to grow their total revenues over the next three years	50%	77%

Program: Industrial Competitiveness and Capacity

Description

This program helps Canadian industries increase their competitiveness in global markets and improve their capacity for developing and marketing innovative products and services. The program develops expertise on Canadian firms and sectors through research and analysis and engagement with associations, governments and leading firms. It applies this expertise to develop and contribute to policy, legislation and regulations aimed at strengthening the contribution of industry to Canada's economic well-being. This program collaborates with the private sector on industry development; attracts investment and promotes Canadian expertise; and advances initiatives for increasing productivity and supporting growth.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED continued to strengthen the manufacturing sector to foster globally competitive industries, while creating jobs and economic growth. This was supported through research, policy analysis and outreach programs designed to better understand and support Canadian manufacturers in a number of fields, including life sciences, hydrogen fuel cells, robotics and intelligent automation, food and beverage processing, and 3D printing and additive manufacturing.

The Department also collaborated with other government departments, provinces, territories and municipalities to prioritize and support the development and adoption of emerging technologies crucial to manufacturing competitiveness. This included providing technical reviews and project assessments to the Federal Economic Development Agency for Southern Ontario related to its Advanced Manufacturing Fund.

The tourism sector was another key focus in 2015–16, as ISED engaged in regular dialogue with industry stakeholders and other government departments and agencies through meetings of the Federal Tourism Strategy Steering Committee. This collaboration supported the Government of Canada's development of a coordinated approach to tourism policy, including an assessment of opportunities and challenges facing the tourism sector. In January 2016, ISED continued this inclusive approach by working to foster a constructive dialogue on tourism with the provinces and territories through a meeting of the Canadian Council of Tourism Ministers.

These strategic partnerships and collaborations with both the public and private sectors have been key to advancing work on a number of other issues relating to industrial and sectoral development. In 2015–16, ISED organized the Canadian Cluster Conference, which brought together industry stakeholders, provincial governments and academics to gather views on the direction for Canada's cluster mapping portal.

With respect to the aerospace industry, ISED continued work with the Aerospace Industries Association of Canada and Aéro Montréal to guide joint efforts for the creation of a national aerospace supplier development program. ISED also participated in ongoing dialogue with the Space Advisory Board on potential themes for future work.

In 2015–16, ISED strengthened its in-house research and analysis, contracted expert third-party advice, and undertook significant stakeholder engagement to inform the development of approaches to leverage strategic investments for Canada through the ITB Policy, including a Value Proposition. The Department realigned a number of ITB Policy features, tools, and processes to attract earlier investment in the Canadian economy, in particular including SMEs, and to streamline administrative requirements. In addition, ISED enhanced its transparency and accountability of the IRB and ITB policies through the public reporting of contractors' status in meeting their obligations to Canada.

ISED continued to make progress on defence-related initiatives. This included the negotiation of the National Shipbuilding Strategy (NSS) IRB Terms and Conditions for the construction of the Offshore Fisheries Science Vessels (OFSV). With the construction contracts for the Arctic Offshore Patrol Ship and OFSV now in place, the application of the IRB Policy has resulted in related IRB commitments to date of $3 billion, with $381 million completed, $817 million

underway, and $1.8 billion to be identified (as of January 4, 2016). In terms of economic impact, the NSS large vessel component alone will contribute nearly $4.4 billion to GDP and create or maintain up to 5,500 jobs per year between 2012 and 2022.[7] The Department also continued to carry out its responsibilities related to the F-35 Joint Strike Fighter.

The variance between Planned and Actual FTEs is due to internal reorganization and a transfer of additional FTEs to support the Defence Procurement Strategy.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
34,249,228	34,249,228	35,237,330	33,947,200	(302,028)

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
211	235	24

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadian industries have the capacity to prepare for and respond to risks and opportunities in domestic and global markets	Canada's ranking among G7 countries for "value chain breadth"	6th	7th
	Canada's ranking among G7 countries for "firm-level technology absorption"	6th	6th

Program: Community Economic Development

Description

This program advances the economic development of Northern Ontario communities in the same manner that regional development agencies support similar activities in other regions of Canada. Its main goal is to strengthen the Northern Ontario economy by providing financial support through contribution agreements for economic and community development projects led by the

[7] Anticipated performance is based on Large Vessel Contracts awarded as of March 2016. As new contracts are signed these impacts are expected to increase.

private, not-for-profit and public sectors, including support for official language minority communities. This program also contributes to communities across Canada with programs to support access to the Internet, as well as to provide computers for schools.

Program Performance Analysis and Lessons Learned

Access to broadband service in rural and remote communities continued to be a key area of focus for ISED in 2015–16. Budget 2016 announced up to $500 million over five years to extend and enhance broadband service in rural and remote areas to improve access to services, including education and health care, which, in turn, support greater productivity and interconnectedness of residents.

This new program complements the existing Connecting Canadians program, which received more than 300 applications, and resulted in 70 projects being approved in 2015–16. The selected projects target more than 280,000 households to receive extended and enhanced broadband service, to a minimum target speed of 5 Megabits per second, by 2019. ISED also continued to provide access to satellite broadband internet in rural Canada through the Broadband Canada program, which ended in 2015–16.

In 2015–16, ISED also improved the delivery of programs to support economic development in Northern Ontario by implementing targeted initiatives specifically designed for the region. This included delivering the Community Investment Initiative for Northern Ontario and the Targeted Manufacturing Initiative for Northern Ontario, which contributed to improved service to clients and increased program uptake.

The Department also initiated the intake process for the national Canada 150 Community Infrastructure Program in Northern Ontario, which celebrates Canada's 150th anniversary through the rehabilitation or improvement, including expansion, of existing community infrastructure assets and facilities.

In addition to this, ISED continued to lead efforts to coordinate the federal response to Ring of Fire opportunities and challenges. Together with key federal departments and agencies, $13.2 million in incremental funding was approved to support 17 projects, aimed at building a solid foundation for new economic opportunities. A number of matters remain to be addressed by the provincial government before industry can invest in the Ring of Fire and more time is required for projects in and with Indigenous communities to accommodate successful engagement activities. There are limitations and barriers to national programs to support individual Indigenous communities which must be considered in the future development of the area.

An audit of the Community Futures Program was completed in 2014–15 and revealed that FedNor's governance, risk management and control processes support the delivery of the program's mandate and priorities. Implementation of recommendations has resulted in enhanced oversight of program priorities through the implementation of a bi-annual update. FedNor has also strengthened its risk management process by launching a new risk assessment tool and guidelines.

Through the Computers for Schools program, the Department continued to improve access to computer equipment for Canadian learners. Through this program, ISED also helped facilitate the integration of Syrian refugees into Canada by providing computers and technical support to refugee resettlement organizations. In total, the Computers for Schools program provided 64,809 refurbished computers to schools and non-profit organizations that support low-income Canadians, seniors, Indigenous communities, and new Canadians.

The variance between Planned and Actual Spending reflects an internal transfer from SADI to NODP and the Computers for Schools program, as well as a transfer from the AIF to NODP. It also includes additional funding received during the year for the Computers for Schools program and Youth Internships at Community Access Sites program.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
150,391,867	150,391,867	171,973,037	156,421,933	6,030,066

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
112	119	7

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Targeted businesses and organizations in Northern Ontario create economic growth	Number of Northern Ontario businesses and organizations created, expanded or maintained with FedNor assistance	1,500	2,313

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Program Performance Analysis and Lessons Learned

In 2015–16, ISED's ongoing provision of internal services and the initiatives noted below were grounded in sound financial management practices and designed to improve the efficient and effective delivery of programs and operations.

Blueprint 2020

In accordance with the goals of Blueprint 2020, ISED developed an approach called Innovation 2020, a comprehensive, integrated framework that supports a broad range of management and employee engagement initiatives to modernize the culture of the Department. It includes ISED's Blueprint 2020 activities and recommendations, as well as the Department's management priorities, activities to implement broader Government of Canada initiatives, and responds to Public Service Employee Survey results. It also incorporates feedback from what we heard from our Managers Community and Interconnex focusing on new ways to foster collaboration to deliver on our Department and portfolio's very broad mandate in all of the regions of Canada. This allows the Department to focus its investments—of time, funds and people—in areas that make a real difference to the Department and the government as a whole.

The framework is focused on three key priorities for the department—Agile Workforce, Sound Stewardship and Operating as One. An agile workforce allows the Department to move its resources to rapidly respond to emerging challenges, priorities and issues. Some of the elements that are critical to improving an organization's agility relate to supporting the development of our employees and investing in processes and technologies that allow them to operate in a more flexible manner. In 2015–16, the Department launched the Short-Term Experience Program (STEP). The program provides an online system for posting and applying for short-term part-time (up to 7.5hrs/week maximum of 16 weeks) and short-term (2-29 days) full-time opportunities. ISED also improved engagement with Canadians by introducing video calls in support of the Service to Business team—a first for our Department and the federal government.

Sound Stewardship is about producing results for Canadians, and engagement with employees is key to attaining the best results. The Department launched its Respectful, Healthy and Inclusive Workplace Initiative that encourages an open dialogue across all employment levels to discuss issues such as diversity and inclusiveness, that in turn promotes a more productive work environment. Several other engagement opportunities and forums were used, including periodic Managers Pulse surveys, growing use of LEAN methodologies whereby entire work teams and internal clients are involved in finding better ways to work, and the formal creation of the new Inclusiveness Committee for the department.

Operating as One focuses on activities to strengthen ISED's approach to managing horizontal priorities. This requires implementing effective and innovative tools to connect and collaborate; accessing information to develop innovative solutions; and leveraging the power of our internal networks. In 2015–16, the Department developed a dedicated approach to communication and information-sharing to connect ideas and activities throughout the workforce. As part of this work, ISED launched new internal communications vehicles like the "Spotlight Series" to explore topics such as: conflict; giving and receiving feedback; values and ethics; emotional intelligence; and respectful, healthy and inclusive workplaces. The Department also held learning and information-sharing opportunities through team presentations to other Departmental employees and through the interactive monthly Life Style series hosted by Interconnex.

Internal Communications Services

Throughout 2015–16, ISED strengthened its internal communications by ensuring ongoing clear and timely communication through an intranet site, internal newsletter, and broadcast emails to all staff. The use of social media, such as the Deputy Minister's twitter account and a Twitterchat with employees, also helped strengthen employee engagement.

Human Resources

In 2015–16, ISED continued to align its approach to learning with the Canada School of Public Service's training delivery model and curriculum.

The Department streamlined its staffing processes, including implementing a new internal staffing policy that reflects changes to the Public Service Commission policy, delegation and oversight framework.

ISED initiated a three-year Human Resources Business Transformation Strategy to improve internal human resources services and to align them with government-wide human resources modernization efforts.

Student hiring and bridging remain a priority for ISED, and the use of student hiring programs and mechanisms is gradually increasing, including the Post-Secondary Recruitment campaign for identifying entrants to the Department's new EC Development Program.

Information Management and Information Technology

ISED continued implementing Government of Canada transformation initiatives in information technology and information management, including Open Government, GCDOCS and the Email Transformation Initiative.

The variance between Planned and Actual Spending reflects funding set aside to cover employee benefit costs that must be added when operating funds are transferred from non-salary to salary accounts. The employee benefit costs are recorded under Internal Services for ease of administration.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
94,072,400	127,072,400	137,436,859	131,984,816	4,912,416

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
1,194	1,202	8

Section IV: Supplementary Information

Supporting Information on Lower-Level Programs

Supporting information on lower-level programs is available on ISED's website.[viii]

Supplementary Information Tables

The following supplementary information tables are available on ISED's website.[ix]

- Details on Transfer Payment Programs of $5 Million or More
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Up-Front Multi-Year Funding
- User Fees, Regulatory Charges and External Fees
- Departmental Sustainable Development Strategy

Federal Tax Expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Report of Federal Tax Expenditures.[x] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational Contact Information

Corporate Management Sector
Innovation, Science and Economic Development Canada
235 Queen Street
2nd Floor, East Tower
Ottawa, ON K1A 0H5

Email: ic.info-info.ic@canada.ca
Fax: 613-954-2340

Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*)**:** A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*)**:** What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*)**:** Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*)**:** A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i. *Department of Industry Act*, http://laws-lois.justice.gc.ca/eng/acts/i-9.2/
ii. Canada's Innovation Agenda, https://www.ic.gc.ca/eic/site/062.nsf/eng/home
iii. Ministers' mandate letters, http://pm.gc.ca/eng/ministerial-mandate-letters
iv. *Public Accounts of Canada 2016*, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html
v. Whole-of-Government Framework, http://www.tbs-sct.gc.ca/hgw-cgf/finances/rgs-erdg/wgf-ipp-eng.asp
vi. 2015–16 Departmental Financial Statements, http://www.ic.gc.ca/eic/site/017.nsf/eng/07577.html
vii. *State of the Nation 2014*, http://www.stic-csti.ca/eic/site/stic-csti.nsf/vwapj/STIC_1500_SON_Report_e_proof4.pdf/$file/STIC_1500_SON_Report_e_proof4.pdf
viii. Support Information on Lower-Level Programs, http://www.ic.gc.ca/eic/site/017.nsf/eng/07578.html
ix. Supplementary Information Tables, http://www.ic.gc.ca/eic/site/017.nsf/eng/07578.html
x. Report of Federal Tax Expenditures, http://www.fin.gc.ca/purl/taxexp-eng.asp